

Message Text

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ACTION NEA-10

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S E C R E T SECTION 1 OF 2 SANA 1248

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E.O. 11652: GDS
TAGS: AMGT, YE
SUBJECT: PARM- ANNUAL POLICY AND RESOURCE ASSESSMENT - PART I

REF: CERP 0001

1. U.S. INTERESTS.

2. OUR INTERESTS IN YEMEN DERIVE FROM OUR NEED FOR THE
CONTINUED EXISTENCE OF A FRIENDLY REGIME IN SAUDI ARABIA.
THIS IS NOT JUST BECAUSE OF SAUDI OIL AND FINANCIAL POWER
BUT ALSO BECAUSE OF IMPORTANCE SAUDI MODERATION COOPERATION
IN ARAB COUNCILS. WHAT WE SEEK IN YEMEN, THEREFORE, IS A
REGIME FRIENDLY TO THE SAUDIS AND TO US, IN CONTRAST TO THE
60'S WHEN YEMEN WAS SEIZED BY RADICAL ARABS WITH SOVIET
BACKING AS A BASE FOR POLITICAL AND MILITARY ATTACKS AGAINST
THE KINGDOM AND WESTERN INTERESTS IN THE LOWER RED SEA.
OUR CONCERN FOR ORDERLY ECONOMIC DEVELOPMENT IN THE OIL-RICH
PENINSULA GENERALLY HAS AN IMPORTANT ECONOMIC LINK TO YEMEN.
THERE ARE PROBABLY AS MANY YEMENI AS SAUDI MALES IN THE AGE
15-40 LABOR FORCE IN THE KINGDOM AND YEMENIS EMIGRATE
TO WORK IN THE GULF AS WELL.

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3. SECOND INTEREST IS OUR DESIRE SEE SOVIET INFLUENCE
HERE REDUCED AS MUCH AS POSSIBLE; COROLLARY IS TO PREVENT
THE RESURGENCE OF RADICAL ARAB GROUPS. SOVIET INFLUENCE
HERE HAS PLUMMETED BUT THEIR PRESENCE REMAINS LARGE.
MOREOVER, IN RADICAL PEOPLE'S DEMOCRATIC REPUBLIC OF
YEMEN (JUST TO SOUTH) THEIR PRESENCE IS GROWING (ALONG
WITH THAT OF CUBANS AND EAST GERMANS) AND THEIR INFLUENCE

IS HIGHER THN IN ANY OTHER ARAB COUNTRY AT ANY OTHER TOME. WHAT WE DO IN YEMEN CAN HELP CONTRIBUTE TO POSSIBILITY OF POLITICAL SHIFT FROM LEFT TORIGHT IN PDRY, LIKE (IF NOT AS GREAT AS) SHIFT WHICH HAS OCCURRED IN YEMEN. SUCH A SHIFT WILL AVE IMPLICATIONS FOR SOVIET POSITION IN HORN, WHERE TREND AT MOMENT SEEMS AWAY FROM US RATHER THAN (AS IN MIDDLE EAST) TOWARD US.

4. THIRD INTEREST WHICH US HAS IN YEMEN IS IN DEVELOPMENT. DESPITE REMARKABLE LEVELS OF REMITTANCES FROM WORKERS IN SAUDI ARABIA, YEMEN IS BY ANY STANDARD (EDUCATION, INFRASTRUCTURE, NUTRITION, ETC.) ONE OF MOST BACKWARD TEN OR TWENTY COUNTRIES IWORLD. WHILE SAUDIS AND OTHERS CAN PROVIDE CAPITAL, WE HAVE VITAL AND UNIQUE ROLE TO PLAY IN EDUCATION, TECHNICAL ASSISTANCE, AND AGRICULTURAL DEVELOPMENT. IN THIS CONNECTION WE WANT TO SEE DEVELOPMENT PROCEED ON WESTERN LIBERAL LINES AND NOT ON STATIST PATH ADVOCATED BY RADICAL ARAB OR SOCIALIST COUNTRIES. YEMEN PROVIDES EXCELLENT OPPORTUNITY TO DEMONSTRATE TO OTHER LDC'S THAT THIS IS POSSIBLE.

5. I THINK WE ALSO WANT TO MAKE LARGER EFFORT TO GET BIGGER CUT OF TRADE AND CONTRACT PIE HERE. YEMEN (6 MILLION PEOPLE) HAD IMPORTS OF HALF BILLION DOLLARS LAST YEAR AND COULD HIT BILLION DOLLARS NEXT YEAR. REMITTANCES COULD HIT A BILLION DOLLARS NEXT YEAR TOO. FOREIGN AID IS AVAILABLE IN ALMOST UNLIMITED AMOUNTS AND MANY PROJECTS ARE NEAR IMPLEMENTATION. BUT WE EXPORTED ONLY \$12 MILLION TO YEMEN LAST YEAR; US COMPCDIES HAVE
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FEW DEVELOPMENT CONTRACTS.

6. EARLIER PAPERS ON YEMEN HAVE STATED THAT RED SEA NAVIGATION IS VITAL INTEREST OF OURS IN YEMEN. I DOUBT IT. THERE IS LITTLE YEMEN CAN DO DIPLOMATICALLY OR MILITARILY TO AFFECT THIS ISSUE.

7. OVERVIEW.

8. WE HAVE BEEN REMARKABLE USUCCESSFUL IN YEMEN AND PROSPECTS FOR THE FUTURE ARE EVEN BETTER.

9. FIRST, SAUDI-US RELATIONS WITH THE YEMENIS HAVE GROWN APACE, ALWAYS AT EXPENSE OF SOVIETS. CONSET OF LARGE SCALE US (AND SOME FRENCH) MILITARY SALES, FUNDED BY SAUDIS, PLUS BURGEONING SAUDI MILITARY AND OTHER ECONOMIC ASSISTANCE, MEANS YEMEN REORIENTATION FROM LEFT TO RIGHT WILL CONTINUE AND GATHER FORCE. I EXPECT TO SEE SOVIET MILITARY MISSION DIMINISH, OUR INTELLIGENCE

LIAISON WITH YEMENIS GROW (ALONG WITH SURVEILLANCE OF SOVIETS) AND SOVIET AID AND EDUCATION OFFERS LOSE EVEN MORE OF THEIR LUSTRE. SOVIET ALIGNMENT WITH DISLIKED AND SUSPECT SOUTH YEMEN AND RADICAL ETHIOPIA WILL ABET THIS FAVORABLE TREND.

10. SECOND, SIMILAR SAUDI EFFORTS IN PDRY, AGAIN VERY WELL FUNDED AN PARALLELED BY DIPLOMACY OF YAR AND GULF STATES, COULD HAVE POSITIVE IMPACT ON ADENI REGIME WHOSE MOST OBJECTIONABLE ASPECTS OF FOREIGN POLICY (EXPORT OF REVOLUTION) HAVE REPORTEDLY ALREADY BEEN JETTISONED. PDRY INTERNAL ORGANIZATION AND POLITICS WILL BE MUCH HARDER TO CHANGE, PARTLY BECAUSE SOVIETS WILL DO EVERYTHING TO MAKE SURE THAT WHEAT HAS HAPPENED IN NORTH WON'T RECUR IN SOUTH. NEVERTHELESS, PDRY IS SMALL, POOR, DIVIDED, UNPOPULAR AND ISOLATED. I THINK SAUDI SHIFT FROM ATTEMPTING OVERTHROW PDRY TO ATTEMPTING SECRET

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SEDUCE IT IS GOOD RISK. STABILITY AND PACE OF DEVELOPMENT IN YAR HAVE TURNED IT IN THREE YEARS TIME FROM VULNERABLE BUFFER AGAINST PDRY TO SAUDI STALKING HORSE. IN PAST ANALYSIS, ANY SUCCESS IN REORIENTING SOUTH SHOULD REINFORCE MODERATION IN YAR, JUST AS ALL FAILURE IN SUBVERTING SOUTH INCREASED CHALLENGE FROM THAT QUARTER TO MODERATION AND CSORIENTATION IN NORTH.

1. THIRD ENVIRONMENTAL FACTOR AFFECTING OUR INTERESTS IS THAT SAUDIS ARE EXPANDING THEIR VISIONS BEYOND SOUTH ARABIA TO HORN OF AFRICA. GIVEN THEIR BRUTE WEALTH AND NEW-FOUND CONFIDENCE, SAUDIS COULD HAVE MAJOR EFFECT ON AREA WHERE TIDE PRESENTLY SEEMS TO BE GOING TOWARD SOVIETS AND AWAY FROM US (UNLIKE IN MIDDLE EAST). IF THERE SI RESPONSE TO OUR CALL FOR COMPLETE DEMILITARIZATION OF INDIAN OCEAN, SAUDI ROLE IN THIS AREA WILL BECOME EVEN MORE IMPORTANT THAN AT PRESENT.

12. FOURTH ENVIRONMENTAL FACTOR CONCERNS OUR PURSUIT OF MIDDLE EAST SETTLEMENT. ARAB-ISRAELI CONFLICT IS NOT MATTER THAT EXERCISES YEMENIS PSYCHOLOGICALLY TO ANY GREAT DEGREE. AS LONG AS WE LEAD SETTLEMENT EFFORT, YEMENIS WILL CONTINUE COURT US FOR HELP IN BUSINESS AND EDUCATION AS WELL AS FOR ATTENTION FROM NATIONAL LEADERS THEY EVEN WANT OUR SHIP VISITS AND SUPPORT OUR PLANS FOR SETTLEMENT. REVERSALS AND DELAYS IN OUR SETTLEMENT EFFORTS -- IF NOT SEEN AS ABONDONMENT -- COULD BE ABSORBED AS ACCEPTABLE LOSSES IN OUR PRESTIGE AND USEFULNESS AND DEPENDABILITY. ABANDONMENT OUR EFFORTS WOULD MAKE OUR LOSSES VERY SERIOUS IN YEMEN AND ALIGNMENT WITH ISRAEL IN ANOTHER WAR COULD EASILY RESULT IN YEMENI-US REPTURE OF RELATIONS, AS IT DID

IN 1967.

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ACTION NEA-10

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13. FIFTH FACTOR IS GROWING STABILITY AND PURPOSEFUL-
NESS OF YAR. PRESIDENT AH-HAMDI IS HERE TO STAY, WE THINK,
AND HIS POLICY OF DEVELOPMENT, MODERNIZATION WITH WESTERN
EQUIPMENT, FRIENDSHIP WITH SAUDIS, OPERATION IN FOREIGN
POLICY, IS ONE WE CAN SUPPORT AND WHICH WILL BENEFIT US.
AL-HAMDI SEEKS CLOSE RELATIONS WITH U.S.

14. CONTRARY FACTOR WORTH UNDERLINING IS THAT IT IS
GOING TO BE HARDER (NOT EASIER) TO SUPPORT EMBASSY IN SANA
IN NEXT THREE YEARS. COMPETITION FOR STAFF, LACK OF SKILLS,
HIGH WAGES, RENTS, UTILITIES AND SHIPPING COSTS WILL ALL
GROW WORSE, IN OUR VIEW. THIS IS DUE PETRODOLLAR INFLOW.
IN COUNTRY WITH PER CAPITA INCOME OF \$180, WE CAN'T
HIRE STAFF FOR \$10,000 A YEAR.

15. ON BALANCE, HOWEVER, WE ARE GENERALLY OPTIMISTIC
ABOUT ENVIRONMENT OUR POLICY IN NEXT TWO YEARS; WE ALSO
THINK CURRENT POLICIES ARE RIGHT ONES TO PURSUE THESE
INTERESTS.

16. FIRST, REGIONAL COOPERATION HAS WORKED, BOTH
AS POLICY FOR SECURITY AND FOR ECONOMIC DEVELOPMENT. SAUDIS
HAVE TAKEN LEAD WE URGED THEM TO TAKE, WISELY SHIFTING

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THEIR SUPPORT FROM TRADITIONALIST AND TRIBAL FIGURES TO MODERNIZING MEN IN CENTRAL GOVERNMENT OF YAR. THEY ARE EXPANDING THEIR ROLE FROM YEMEN TO PDRY, SOMALIA, ERITREA, TFAI, SUDAN. WE SHOULD ENCOURAGE THIS, BACK IT UP WHERE WE CAN, CONSULT CLOSELY.

17. SECOND, ALTHOUGH SAUDIS HAVE MADE BASIC POLICY CHANGE WE URGED, WITH RESULT THAT COMMUNICATION AND TRUST WITH YEMENIS HAVE GROWN, WE WILL RETAIN AN INTER-LOCUTOR'S ROLE IN DISPUTES AND MISUNDERSTANDINGS. THESE PROBLEMS WILL OCCUR IN ARMS PROGRAM (WE MUST DO MORE IN TRAINING AND MAINTENANCE SUPPORT) AND POSSIBLY IN POLITICAL UNDERSTANDING (RELATIONS WITH THE SOUTH AND, SOVIETS, INTERNAL POLITICAL DEVELOPMENTS, EMIGRATION YEMENI LABORERS IN KINGDOM MAY CAUSE US FROM TIME TO TIME TO WEIGH IN WITH EITHER SAUDIS OR YEMENIS).

18. THIRD, WE ARE VITAL TO SAUDIS IN THEIR EFFORTS TO DISPLACE SOVIETS, BUILD NEW PENINSULAR RELATIONSHIPS. IT IS US ARMS, AFTER ALL, WHICH ARE GOING TO PROVIDE UNDERPINNINGS OF AL-HAMDI REGIME AND NOW SAUDI-YEMENI SECURITY RELATIONSHIPS. IT IS US TECHNOLOGY, TECHNICAL ASSISTANCE, BUSINESS AND WORLD PRESTIGE WHICH BACKS UP SAUDI LEADERSHIP ROLE. WE CAN'T LEAVE JOB IN YEMEN ENTIRELY TO THEM. JOB NEEDS MORE THAN MONEY.

19. OBJECTIVES, COURSES OF ACTION, ISSUES.

20. BASIC EQUATION OF POLITICS IN CORNER OF WORLD IS TO MAKE SURE YEMENIS GET SAUDI MONEY THEY NEED TO DEVELOP AND SAUDIS GET YEMENI LABOR THEY NEED TO DEVELOP.

21. KEY BILATERAL OBJECTIVE IS TO SUPPORT FRIENDLY YAR GOVERNMENT WHICH NOW IN POWER. OUR AID, PERSONAL ATTENTION TO LEADERSHIP, AND OCCASIONAL INTERCESSION WITH SAUDIS SHOULD SUFFICE FOR THESE GOALS. ALSO, AL-HAMDI
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WANTS VISIT STATES. GIVEN OUR NUMEROUS PROGRAMS HERE, HIS EMERGING DIPLOMATIC ROLE IN HORN AND SOUTH ARABIA, AND HIS FEELING THAT WE SUBSTITUTE RELATIONS WITH SAUDI ARABIA FOR RELATIONS WITH YEMEN, WE SHOULD CONSIDER REQUEST FAVORABLY.

22. WE HAVE MOUNTED UNIQUE MILITARY SUPPLY PROGRAM HERE WHICH IS POTENTIAL SOURCE OF DANGER AS WELL AS BENEFIT. WE DELIVER US EQUIPMENT IN YEMEN TO SAUDI RPT SAUDI MILITARY MISSION, WHICH IS THEN RESPONSIBLE FOR TURNOVER TO

YEMENIS, TRAINING, MAINTENANCE, ADVICE, ETC. PROGRAM IS LARGE -- \$139 MILLION OR ENOUGH EQUIPMENT FOR SIX BRIGADES -- AND IN LINE FOR EXPANSION INTO YAR AIR FORCE (SALE OF SQUADRON F-5E'S). SAUDIS HAVE NO RPT NO EXPERIENCE IN MILITARY SUPPLY AND YEMENIS HAVE LITTLE EXPERTISE TO OFFER EITHER. WE WILL NEED TO COORDINATE CLOSELY IN SAUDI ARABIA AS WELL AS HERE TO AVOID SERIOUS PROBLEMS AND MAKE OURSELVES RESPECTABLE ALTERNATIVE TO SOVIETS, WHO ARE PRESENTLY WAITING ANXIOUSLY FOR US TO FALL ON OUR FACES. FINALLY, IF WE DECIDE CURTAIL ARMS SALES WHETHER OR NOT SOVIETS OR OTHERS DO, WE COULD HOBBLE OUR OVERALL EFFORTS IN YEMEN.

23. OUR TRAINING PROGRAM IS INADEQUATE BOTH IN MILITARY AS WELL AS IN ECONOMIC FIELDS, THIS IS BEST PROGRAM WE HAVE TO OFFER YEMENIS INTERESTED IN DEVELOPMENT. YEMEN HAS ONLY 600 GRADUATES. A SMALL INVESTMENT IN GRADUATE AND UNDERGRADUATE TRAINING WILL PAY LARGE DIVIDENDS, BOTH POLITICAL AND PRACTICAL, IN NEXT FIFTEEN YEARS.

24. IN COUNTRY STARVED FOR INFORMATION AND ENTERTAINMENT, AND OPENING RAPIDLY, USIS PROGRAMS CAN PLAY USEFUL ROLE, PARTICULARLY WITH SMALL ELITE. LEADER GRANTS HAVE BEEN VERY SUCCESSFUL

MODEST EXPANSION WHICH NOW SCHEDULED IS PROBABLY ENOUGH.

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25. AID HAS GIVEN ITSELF, WITH SOME PRODDING, NEW DIRECTIONS FOR ITS PROGRAMS HERE. TASK NOW WILL BE TO BRING PROJECTS IN LINE WITH PHILOSOPHY, BRING DOWN PERSONNEL LEVELS, SOLVE CERTAIN ADMINISTRATIVE AND PERSONNEL PROBLEMS.

26. PEACE CORPS MIGHT SLOWLY, CAREFULLY EXPAND IF GOOD JOBS CAN BE WORKED OUT IN FLEDGLING YEMENI BUREAUCRACY. THE PROGRAM AT PRESENT (ABOUT FIFTY VOLUNTEERS) PROVIDES GOOD TECHNICAL ASSISTANCE BUT THERE HAVE BEEN REAL PROBLEMS OF SUPPORT ON BOTH THE US AND YEMENI SIDE.

27. INTELLIGENCE LIAISON HAS BEGUN WITH SOME MODEST TRAINING AND EXCHANGES OF INFORMATION. IT IS ANOTHER ELEMENT IN THE CONFIDENCE WE ARE SEEKING TO DEVELOP IN OUR RELATIONSHIP WITH THE YEMENI GOVERNMENT. THERE ARE LIMITED PROSPECTS FOR EXPANSION HERE.

28. OUR ADMIN SECTION REPRESENTS ACHILLES HEEL OF EMBASSY. IT HAS TOO MUCH WORK, TOO FEW PEOPLE. PRIMITIVE YEMEN IS A MAJOR OPERATING PROBLEM FOR ALL MEMBERS AND PROGRAMS

OF THE EMBASSY. WE NEED MORE AMERICAN HELP AND MORE
LOCAL POSITIONS.
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